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Message Text

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15
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 INT-05

TAR-01 L-02 H-02 AGR-05 FEA-01 CEQ-01 OFA-01 DODE-00

EPA-01 IO-10 NSF-01 PM-03 OES-03 /108 W
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R 172142Z APR 75
FM AMEMBASSY LIMA
TO SECSTATE WASHDC 4789

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EO 11652: NA
TAGS: ETRD,PFOR,PE
SUBJ: TRA - PERU'S PARTICIPATION IN GSP - MINISTRY OF
COMMERCE QUESTIONS RE TRA

REF: LIMA 2624, 2514, 1758

1. ING. BOLIVAR PATINO, ADVISOR TO COMMERCE MINISTER GENERAL LUIS ARIAS, RECENTLY INFORMED EMBASSY OFFICER THAT PERU WILL DEFINITELY PARTICIPATE IN THE GSP SYSTEM NOTWITH-STANDING TRA "DISCRIMINATORY FEATURES" WHICH ARIAS MENTIONED IN HIS MARCH 20 SPEECH (LIMA 2514) WHICH GOP FINDS DISTASTEFUL.

2. IN REGARD TO OTHER ASPECTS OF TRA, PATINO REITERATED STANDARD GOP POSITION ON PRODUCER CARTELS, WHICH HE CLAIMED USG, THROUGH TRA AND OTHER MECHANISMS, OPPOSE IN PRIN-CIPLE. HE ALSO QUESTIONED BASIC USG TRADE POLICY WHICH HE NOTED IS BASED ON DUAL CONCEPT OF MULTILATERAL CONCESSIONS THROUGH GATT AND MTN, ON THE ONE HAND, BUT WHICH ALSO PROMOTES CONCEPT OF BILATERAL TRADE ARRANGEMENTS FOR
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SECURING SPECIFIC ACCESS TO RAW MATERIAL PRODUCTS, AS

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PROVIDED FOR IN TRA. HE CLAIMED SUCH BILATERAL ARRANGEMENTS WOULD TEND IN THE LONG TERM TO UNDERCUT CONCEPT OF GENERAL MULTILATERAL TRADE CONCESSIONS.

3. PATINO ALSO SPECIFICALLY ASKED EMBASSY OFFICER ABOUT THE POTENTIAL STATUS OF COPPER BLISTER, LEAD, ZINC, AND FISHMEAL WITHIN THE GSP SYSTEM, NOTING THAT RECENTLY USG HAD PLACED SEVERAL OF THESE PRODUCTS ON SPECIAL DUTY-FREE LIST. GIVEN FACT THAT THEY ARE NOT NOT REQUIRED TO PAY TARIFFS, HE ASKED WHETHER THEY WOULD BE CONSIDERED BY INTERNATIONAL TRADE COMMISSION FOR EVENTUAL INCLUSION ON FINAL GSP LIST TO BE PROMULGATED LATER THIS SUMMER.

4. EMBASSY OFFICER TOOK OCCASION TO QUESTION PATINO ABOUT SPECIFIC STATEMENTS MINISTER ARIAS HAD MADE DURING HIS MARCH 20 POLICY SPEECH WITH REFERENCE TO FACT THAT "INDUSTRIALIZED NATIONS SEEK TO TRANSFER TO US (LDC'S) THOSE LINES OF PRODUCTION THAT ARE TROUBLESOM...BECAUSE THEY PRODUCE ENVIRONMENTAL CONTAMINATION, OR BECAUSE THEY ARE IN-EFFICIENT AND HAVE HIGH COSTS OF PRODUCTION." PATINO EX-PLAINED THAT THESE IDEAS ARE BASED ON RECENT THEORETICAL FRENCH ECONOMIC THINKING, WHICH IS CURRENTLY POPULAR IN HIS MINISTRY, TO EFFECT THAT DC'S EXPORT INEFFICIENT AND POL-LUTION-PRONE INDUSTRIES TO LDC'S WHERE THEY CAN EXPLOIT CHEAP LABOR AND AVOID THE FETTERS WHICH BIND THEM AT HOME. HE SAID THAT STATEMENT WAS PROBABLY SOMEWHAT OVERDRAWN AND PLACED OUT OF CONTEXT WITHIN MINISTER'S SPEECH (SIC).

5. COMMENT/ACTION REQUESTED: PATINO IS ONE OF CHIEF ADVISERS IN COMMERCE MINISTRY ON OVERALL TRADE POLICY, IS WELL INFORMED ABOUT DETAILS OF THE TRA AND ITS POTENTIAL EFFECT ON PERU. HE IS ALSO RESPONSIBLE FOR PREPARING A STUDY OF GSP BENEFITS TO PERU AND WAS CLEARLY CONCERNED ABOUT POTENTIAL STATUS OF KEY PERUVIAN EXPORTS WITHIN GSP FRAMEWORK. WHILE WE REALIZE IT MAY BE PREMATURE TO COMMENT ON WHICH PRODUCTS MAY BE INCLUDED IN FINAL PACKAGE, ANY INFORMATION DEPARTMENT CAN MAKE AVAILABLE ABOUT STATUS OF THESE PRODUCTS WHICH WE COULD PASS TO PATINO WOULD BE APPRECIATED.
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